

CIA HISTORICAL REVIEW PROGRAM
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2003

141

~~SECRET/NOFORN~~

Chief of Station, Guatemala

2 March 1954

LYNGLN

REGLN

Allocation of Funds for ESPIONAGE and Political Activities

1. Attached are sterile notes for transmittal to Eliot P. RAZMARA. As the Station will see from a perusal of the notes, they deal with a highly complex and diplomatically sensitive issue.
2. In this instance, the notes are to be returned by RAZMARA to the Station for safekeeping.
3. On this difficult matter, the best advice of the Station is solicited. It is expected that you will guide RAZMARA in his negotiations on the matter at hand.

JEROME C. DUNBAR

JCR/JYM/csf
2 March 1954

Attachments

Distribution

- 2 - Guatemala
- 2 - Washington
- 3 - LYNGLN

Hq/KS

CHRONO COPY

~~SECRET/NOFORN~~

2 March 1944

1. You should be made aware of a situation which has arisen in the relationship between [] Pancho, and us.

2. It was determined, some time ago, that [] would have the responsibility for all propaganda and political work. You, as the representative of [] in the field, were to act as the bearer of his instructions (which you receive from us) and as the transmitter of money (which you also receive from us).

3. This arrangement has recently been somewhat disturbed by apparent efforts on the part of Pancho to maintain his influence in the political and propaganda fields. Specifically, Pancho has been submitting to us the budgetary requests for the propaganda work you are supervising, when, according to the Agreement, [] should be submitting this budget on the basis of advice he receives from you. Apparently, the people with whom you maintain contact have been in contact with Pancho and asking him for propaganda funds. For all we know, they may also have been receiving funds from him, which he has been disbursing to them despite the agreement that you were to be the sole funds channel from [] to them. For March, Pancho has asked for \$4,000 for your propaganda work.

4. The question of funds for political work is even more serious. Apparently, Pancho has been sending money to your black leader direct. In addition, he has been sending some money to the gentleman to whom you were introduced by [] separate letter of introduction (not the letters suggesting a special, exacting employment). This procedure not only violates the Agreement, but also it obviously undermines your authority and your ability to guide and control the political work through the man with whom you are in principal contact. Pancho has asked for \$15,000 for March, to be sent directly by him to the black leader and possibly others for political work, by the two groups, one in the east and one in the west. This is obviously an undesirable situation.

5. It will be made clear to Pancho, in the next few days, that the Agreement must be lived up to and that he must stay out of the propaganda and political fields. This should strengthen your position. We will inform you as soon as possible of the results of this talk.

6. Keeping the above in mind, and keeping our disappointment at the misinterpretation of agreements strictly to yourself, it is essential that you speak as soon as possible with your principal contact about the propaganda and political budgets. Find out if he knows about Pancho's estimates. If he does not, let us know immediately, as this will be important in our talks with Pancho. If he does not know, start the discussion of propaganda and political funds and come up with a detailed estimate. If he does know of Pancho's estimate, advise him that you are aware of them too and that you, as the representative of [] (and Pancho) now want to explore them in detail prior to commitments.

7. For your information, these political expenditures apparently include what is set down below. You are specifically instructed not to reveal your knowledge of the activities set forth below to your contact. This information is being furnished to you only so that you may be on the lookout for his mention of these activities and so that you may judge the candor and completeness of his presentation. We repeat your knowledge of the following categories is not to be revealed to your contact.

- a. Payments to CNUA and its affiliates.
- b. Payments to FUA and its affiliates.
- c. Organizacion Cristiana. (Accion Social Cristiana?)
- d. Payments to market women.
- e. Payment of []
- f. Payments to one [] of Quezaltenango.
- g. Payments to []
- h. Payments for organizational work in Tiquisate.
- i. Payments to [] a courier.

8. Indicate, as tactfully as possible, that you will be the only source of funds for these efforts, and that these efforts must be conducted in concert with []. On that basis, come up with a detailed analysis of funds expenditure for March. This detailed analysis should include:

- a. Salaries by name of employee and function.
- b. Rental of buildings.
- c. Cost of equipment.
- d. Cost of printing.
- e. Cost of other materials (state type).
- f. Cost of mailing.
- g. Cost of hand distribution.
- h. Cost of other type distribution (state type)/
- i. Cost of travel (where and by whom).
- j. Cost of other functions (indicate types).

9. The sensitiveness of this move on your part to establish more control is fully understood. We appreciate your effort and reporting thus far and are confident of your ability to establish the now, more definite relationship.

10. Please report soonest on the discussions pursuant to the above and the budget estimates resulting therefrom. Use telegram for highlights, mail for details.